

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

## AT NASHVILLE, TENNESSEE

**April 7, 2003**

**IN RE:**

**PETITION OF TELEGLOBE USA INC., TELEGLOBE  
USA LLC AND TLGB CORPORATION FOR APPROVAL  
OF ASSIGNMENT OF ASSETS AND TRANSFER OF  
CERTIFICATE OF CONVENIENCE AND NECESSITY  
AND RELATED TRANSACTIONS**

**DOCKET NO.**  
**03-00081**

## ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate, and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on February 18, 2003, for consideration of the *Petition for Approval of Assignment of Assets and Transfer of Certificate of Convenience and Necessity and Related Transactions* (the “*Petition*”) filed by Teleglobe USA, Inc. (“Old Teleglobe”), Teleglobe USA LLC (“New Teleglobe”), and TLGB Corporation (“TLGB”) ( collectively the “Petitioners”). The *Petition* was considered pursuant to the provisions of Tenn. Code Ann. § 65-4-113, which requires Authority approval of a transfer of authority to provide utility services.

### **Requirement of and Standards for Authority Approval**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **The Petition**

In the *Petition*, which was filed on January 30, 2003, the Petitioners request Authority approval of the sale of Old Teleglobe's telecommunications business out of bankruptcy to TLGB. The Petitioners specifically request approval for the *pro forma* assignment of Old Teleglobe's Tennessee assets, including its certificate of public convenience and necessity issued by the Authority to provide resold telecommunications services and operator services in Tennessee, to New Teleglobe and the subsequent transfer of control of New Teleglobe to TLGB.

According to the *Petition*, Old Teleglobe is a Delaware corporation located in Reston, Virginia that provides international facilities-based and resold telecommunications services on a wholesale and retail basis throughout the United States. Old Teleglobe was granted authority to provide resold telecommunications services and operator services in Tennessee by Order dated July 23, 1998, in Docket No. 98-00032. New Teleglobe is a Delaware limited liability company with its principal place of business in Montreal, Quebec, Canada. New

Teleglobe is a wholly-owned subsidiary of Old Teleglobe. After completion of the proposed transaction, New Teleglobe will be a wholly-owned subsidiary of TLGB.

According to the *Petition*, TLGB is a Delaware holding company. TLGB is an indirect wholly-owned subsidiary of Teleglobe International Holding Ltd. ("TIH"), the majority owners of which are four investment funds affiliated with Cerberus Capital Management, LP ("Cerberus"), a private equity fund based in New York, that manage over eight billion dollars in assets, including investments in the technology and telecommunications sectors. Following the transaction, the four Cerberus funds will collectively have a greater than fifty percent (50%) ownership interest in TIH.

According to the *Petition*, the proposed transaction will take place pursuant to a purchase agreement entered into by Old Teleglobe and TLGB Acquisition LLC, an affiliate of TLGB. Immediately prior to the closing of the proposed transaction, Old Teleglobe will assign substantially all of its assets, including its Tennessee operating assets and certificate of public convenience and necessity, to New Teleglobe. Old Teleglobe will then transfer one hundred percent of the stock of New Teleglobe to TLGB. New Teleglobe will succeed to the current business and operations of Old Teleglobe and will exist as a wholly-owned subsidiary of TLGB.

#### **Public Interest Considerations**

The *Petition* states that the proposed transaction is in the public interest because it will lead to the emergence of a stronger and better-financed competitor in the Tennessee telecommunications market. According to the *Petition*, it is not anticipated that the proposed transaction will result in any changes to the rates, terms, and conditions of service currently offered by Old Teleglobe.

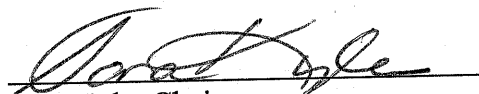
## **Findings**

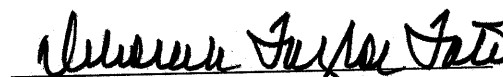
The Authority considered this matter at the February 18, 2003 Authority Conference. Based upon careful consideration of the *Petition* and of the entire record of this matter, the Authority finds and concludes as follows:


1. The Authority has jurisdiction over the subject matter of this *Petition* pursuant to Tenn. Code Ann. § 65-4-113;
2. Teleglobe USA, Inc. has been granted authority to provide resold telecommunications services in Tennessee;
3. Majority ownership of the parent company of Teleglobe USA, Inc. will be acquired by four investment funds of Cerberus Capital Management, LP, resulting in a transfer of the authority to provide utility services that has been granted Teleglobe USA, Inc.; and
4. The transfer of authority will benefit the consuming public.

## **IT IS THEREFORE ORDERED THAT:**

The *Petition* of Teleglobe USA, Inc., Teleglobe USA LLC, and TLGB Corporation for approval of the transfer of authority described herein is approved.

  
Sara Kyle, Chairman

  
Deborah Taylor Tate, Director

  
Ron Jones, Director